



JOSEPH KELLY
TREASURER AND TAX COLLECTOR

COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

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November 03, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

38 November 3, 2015


PATRICK OGAWA
ACTING EXECUTIVE OFFICER

BOND AUTHORIZATION INCREASE PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAM (ALL DISTRICTS - 3 VOTES)

SUBJECT

The Treasurer and Tax Collector and Internal Services Department request approval to increase the bond authorization for the County's Property Assessed Clean Energy (PACE) Program. The current bond authorization of \$100 million was established on May 25, 2010, and is insufficient to maintain the PACE Program beyond early November 2015. Our Departments request authorization to increase the bond issuance limit to \$500 million, which should be sufficient to manage the PACE Program through an additional two or more years.

IT IS RECOMMENDED THAT THE BOARD:

Adopt a resolution authorizing the issuance of contractual assessment limited obligation improvement bonds (Assessment Bonds) in an aggregate principal amount not to exceed \$500 million for the purpose of funding real property improvements under the County PACE Program.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On April 6, 2010, your Board adopted a Resolution of Intention to initiate the formation of a voluntary contractual assessment program in accordance with the provisions of Assembly Bill 811 (AB 811). On May 25, 2010, a public hearing was held in which your Board approved the formation and implementation of the Los Angeles County Energy Program and authorized the issuance of Assessment Bonds to finance energy efficiency, renewable energy generation, and water efficiency improvements to private property. As part of this formation, your Board authorized an initial issuance of \$100 million for Assessment Bonds sold through the program. This amount was considered

reasonable in 2010 and was consistent with the intent of AB 811, which sought to establish a maximum amount of contractual assessments for any PACE program. As with any contractual assessment bond, there is no recourse to the County for any repayment obligations and no impact to any County debt ratios evaluated by the credit rating agencies.

The County formally launched its residential PACE Program in May 2015. The two program administrators selected by your Board to manage the residential PACE Program are Renovate America (HERO Program) and Renewable Funding (CaliforniaFIRST Program). Based on each program administrator's current pipeline of projects, and detailed growth projections, we expect that residential PACE will finance more than \$130 million in projects by the end of the first year of operation.

This volume of Assessment Bonds expected to be issued under the residential PACE Program requires the County to increase its current bond authorization in order to maintain continuity in the program. To avoid any disruption to the PACE Program, we are seeking to increase the combined bond authorization for commercial and residential PACE by \$400 million to a total of \$500 million. The increase is expected to allow for approximately two years of continuous operation of the PACE Program, before a subsequent increase will need to be presented to your Board. Our Departments recommend that the aggregate financing limit for PACE be reviewed by your Board at a minimum of once every 2-3 years.

Implementation of Strategic Plan Goals

The recommended action supports County Strategic Plan Goal 1, Operational Effectiveness/Fiscal Sustainability, by facilitating a program that promotes energy efficiency and conservation, and enhances sustainable practices in the County. The recommended action also supports County Strategic Plan Goal 2, Community Support and Responsiveness, by providing economic benefits to constituents and supporting greenhouse gas reductions throughout the County.

FISCAL IMPACT/FINANCING

There is no fiscal impact associated with an increase to the bond authorization for commercial and residential PACE. As with any contractual assessment bond, there is no recourse to the County for any repayment obligations and no impact to any County debt ratios evaluated by the credit rating agencies.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On May 25, 2010, your Board adopted a Resolution authorizing the issuance and sale of Assessment Bonds in an aggregate principal amount not to exceed \$100 million for the purpose of funding real property improvements in accordance with the provisions of AB 811 and Chapter 29 of the California Streets and Highways Code. Accordingly, the County cannot issue Assessment Bonds if the cumulative amount exceeds \$100 million and we expect to reach that threshold in early November. In order for the County to continue issuing Assessment Bonds, we request your Board authorize a bond authorization increase to \$500 million. This will facilitate an uninterrupted series of bond issuances pursuant to the PACE Program.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

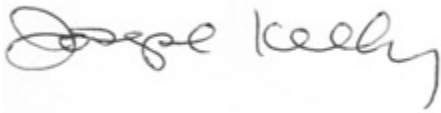
The increase in bond authorization will enable the County to manage its commercial and residential

PACE Programs in accordance with State Law and without any disruption in service.

CONCLUSION

The increase in bond authorization will enable the County to manage its commercial and residential PACE Programs in accordance with State Law and without any disruption in service.

Respectfully submitted,



Joseph Kelly
Treasurer and Tax Collector



JIM JONES
Director

JK:GB:DB:JP:pabP
b/brdltr/PACE2015

Enclosures

c: Chief Executive Officer
Assessor
Auditor-Controller
Interim County Counsel
Acting Executive Officer, Board of
Supervisors

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES
AUTHORIZING AN INCREASE IN THE AGGREGATE PRINCIPAL AMOUNT OF
CONTRACTUAL ASSESSMENT LIMITED OBLIGATION IMPROVEMENT BONDS ISSUED
THROUGH THE LOS ANGELES COUNTY ENERGY PROGRAM TO FINANCE THE
INSTALLATION OF DISTRIBUTED GENERATION RENEWABLE ENERGY SOURCES AND
ENERGY AND WATER EFFICIENCY IMPROVEMENTS**

WHEREAS, Chapter 29 of Part 3 of Division 7 of the Streets and Highways Code of the State of California (the "Contractual Assessment Law") authorizes counties to assist free and willing property owners in financing the installation of distributed generation renewable energy sources and energy and water efficiency improvements (the "Improvements") that are permanently fixed to residential, commercial, industrial or other real property through a contractual assessment program; and

WHEREAS, on April 6, 2010 the Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles, a political subdivision of the State of California (the "County") adopted a resolution (the "Resolution of Intention") declaring its intention to order the implementation of a contractual assessment program to finance Improvements pursuant to the Contractual Assessment Law; and

WHEREAS, following publication and notice duly given and a hearing in accordance with applicable law, the Board of Supervisors adopted on May 25, 2010 a resolution (the "Resolution Confirming Assessments") making certain findings and determinations in connection with and confirming the report (the "Program Report") of the Director of the Internal Services Department ("ISD") of the County regarding the establishment of a contractual assessment program to finance Improvements, confirming assessments to be levied within the parameters of the report and taking certain other actions; and

WHEREAS, following notice duly given and a hearing in accordance with applicable law, the Board of Supervisors adopted on May 25, 2010 the Resolution Establishing the Los Angeles County Energy Program and Authorizing the Issuance of Bonds (the "Authorizing Resolution"), which, among other things, approved the initial issuance of contractual assessment limited obligation improvement bonds (the "Bonds") under the Los Angeles County Energy Program ("LACEP") in an aggregate principal amount of not to exceed \$100,000,000 (the "Initial County Assessment Bond Authorization") issued in one or more series from time to time for the purpose of financing Improvements for qualified property owners pursuant to the Contractual Assessment Law and the Improvement Bond Act of 1915, being Division 10 of the Streets and Highways Code of the State of California; and

WHEREAS, following the formation of LACEP, the County established a commercial property assessed clean energy program (the "Commercial PACE Program") as a part of LACEP to finance the acquisition, construction and installation of the Improvements on commercial properties in the County; and

WHEREAS, on August 12, 2014, the Board of Supervisors authorized ISD and the Treasurer and Tax Collector of the County (the "Treasurer") to develop a residential property assessed clean energy program (the "Residential PACE Program") as a part of LACEP to finance the acquisition, construction and installation of the Improvements on residential properties in the County and for ISD to release a request for proposals for one or more program administrators to facilitate the Residential PACE Program (the "Residential PACE Program RFP");

WHEREAS, following the review of the responses to the Residential PACE Program RFP, the County entered into separate contracts with Renovate America, Inc. and Renewable Funding LLC (each, a "Residential PACE Program Administrator") to administer separate components of the Residential PACE Program on behalf of the County;

WHEREAS, the Director of ISD, the Treasurer and the Residential PACE Program Administrators have established and launched the Residential PACE Program to finance the acquisition, construction and installation of the Improvements on residential properties in the County.

WHEREAS, the Director of ISD and the Treasurer have determined that it is necessary to increase the Initial County Assessment Bond Authorization to avoid any disruption in the operation of the Residential PACE Program or the Commercial PACE Program;

WHEREAS, the Director of ISD and the Treasurer are recommending that the Board of Supervisors increase the authorization for the issuance of Bonds from \$100,000,000 to \$500,000,000.

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. Recitals. The recitals set forth hereinabove are true and correct in all respects. The Board of Supervisors finds and declares that the increase in the authorization for the issuance of Bonds approved by this Resolution is in the best interests of the County.

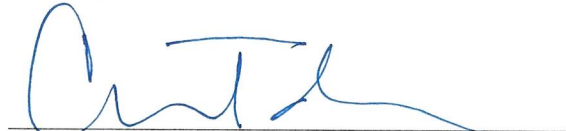
SECTION 2. Bond Authorization. The Board of Supervisors hereby approves an increase in the not to exceed aggregate principal amount of Bonds authorized to be issued for the purpose of financing the acquisition, construction and installation of Improvements under LACEP, including both the Commercial PACE Program and the Residential PACE Program, from \$100,000,000 to \$500,000,000.

SECTION 3. Effective Date. This Resolution shall take effect immediately upon adoption.

The foregoing resolution was on the 3rd day of November, 2015, adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.




PATRICK OGAWA
Acting Executive Officer
Board of Supervisors

By 
Deputy

APPROVED AS TO FORM:

MARY C. WICKHAM
Interim County Counsel

By 
Deputy County Counsel